

OCC Mortgage Metrics Report

Disclosure of National Bank Mortgage Loan Data

Fourth Quarter 2020

Office of the Comptroller of the Currency
Washington, D.C.

March 2021

Contents

- About Mortgage Metrics1**
- Executive Summary2**
 - Figure 1: Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions3
 - Figure 2: Total Serviced Mortgage Portfolio—Number of Loans in Thousands3
 - Figure 3: Composition—Loans in Thousands by Borrower Risk Category.....4
 - Figure 4: Composition—Percentage of Mortgages by Borrower Risk Category4
 - Figure 5: Number of Loans in Delinquency and Foreclosures in Process.....5
 - Figure 6: Percentage of Loans Current and Performing and in Delinquency.....5
 - Figure 7: Newly Initiated Foreclosures—Loans in Thousands6
 - Figure 8: Completed Foreclosures and Other Home Forfeiture Actions—
Loans in Thousands6
- Table 1: Number of Mortgage Modification Actions7**
- Table 2: Number of Modification Actions in Combination Actions8**
- Table 3: Changes in Monthly Principal and Interest Payments by State.....9**
- Table 4: Number of Re-Defaults for Loans Modified Six Months Previously10**
- Appendix A: Definitions and Method 11**

About Mortgage Metrics

The Office of the Comptroller of the Currency (OCC) collects data on first-lien residential mortgage loans serviced by seven national banks with large mortgage-servicing portfolios.¹ The *OCC Mortgage Metrics Report* is published quarterly to promote broader understanding of mortgage portfolio performance and modification activity in the federal banking system, support supervision of regulated institutions, and fulfill section 104 of the Helping Families Save Their Homes Act of 2009 (codified at 12 USC 1715z-25), as amended by section 1493(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- This report presents performance data for the fourth quarter of 2020 for loans that the reporting banks own or service for others as a fee-based business.
- The data in this report reflect a portion of first-lien residential mortgages in the country. The characteristics of the loans included here may differ from the overall population. The loans included are not a statistically representative, random sample.
- This report covers the performance of first-lien home mortgages in the portfolios of reporting banks. It excludes junior liens, home equity lines of credit (HELOC), and home equity conversion mortgages (reverse mortgages).
- For loans in forbearance covered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, reporting banks are following guidance from the Department of Housing and Urban Development, Federal Housing Finance Administration, and the respective government agencies and government-sponsored entities (GSE) for the calculation and reporting of delinquency. Banks implemented the CARES Act foreclosure moratoriums for all covered loans. Credit bureau reporting adheres to the CARES Act and follows guidance from the Consumer Financial Protection Bureau.
- Before the third quarter of 2019, certain banks reported completed, post-foreclosure, and other real estate owned (OREO) accounts in data used in figures 1 through 4. These accounts should not have been included in those figures. These discrepancies were not material.

¹ The seven national banks are Bank of America, Citibank, HSBC, JPMorgan Chase, PNC, U.S. Bank, and Wells Fargo.

Executive Summary

Overall Mortgage Portfolio and Performance

- As of December 31, 2020, the reporting banks serviced approximately 13.8 million first-lien residential mortgage loans with \$2.74 trillion in unpaid principal balances (see figures 1 and 2). This \$2.74 trillion was 25 percent of all residential mortgage debt outstanding in the United States.²
- Overall mortgage performance this quarter declined from a year ago as a result of the COVID-19 pandemic and actions taken by banks to comply with the CARES Act. Under the CARES Act, customer relief and forbearance can extend up to 18 months. The percentage of mortgages that were current and performing at the end of the fourth quarter of 2020 was 93.3 percent compared with 96.5 percent the previous year (see figure 6).
- Servicers initiated 789 new foreclosures in the fourth quarter of 2020, an increase of 113.8 percent from the previous quarter and a decrease of 96.5 percent from a year earlier (see figure 7). Home forfeiture actions during the quarter—completed foreclosure sales, short sales, and deed-in-lieu-of-foreclosure actions—decreased 87.4 percent from a year earlier to 1,248 (see figure 8). Events associated with the COVID-19 pandemic, including foreclosure moratoriums that began March 18, 2020, and have been extended to June 30, 2021, have caused significant decreases in these metrics.

Number and Type of Modifications Completed and Impact on Payment Amount

Servicers completed 41,030 modifications during the fourth quarter of 2020, a 191.1 percent increase from the previous quarter's 14,097 modifications.

- Of these 41,030 modifications, 34,403, or 83.8 percent, were “combination modifications”—modifications that included multiple actions affecting affordability and sustainability of the loan, such as an interest rate reduction and a term extension. Of the remaining 6,627 loan modifications, 6,533 received a single action and 94 were not assigned a modification type. Of the 6,533 modifications with a single action, 6,190, or 94.8 percent, received a term extension (see table 1).
- Among the 34,403 combination modifications completed during the quarter, 69.7 percent included principal deferral, 62.6 percent included an interest rate reduction or freeze, 51.4 percent included capitalization of delinquent interest and fees, 32.5 percent included a term extension, and 0.1 percent included principal reduction (see table 2).
- Of the 41,030 modifications completed during the quarter, 13,364, or 32.6 percent, reduced the loan's pre-modification monthly payment (see table 3).

² Residential mortgage debt is determined using the quarterly Federal Reserve Statistical Release, “Z.1: Financial Accounts of the United States,” table L.218, “One-to-Four Family Residential Mortgages,” household sector liabilities. Data as of December 31, 2020.

Modified Loan Performance

By December 31, 2020, all loans modified during the second quarter of 2020 would have aged at least six months. Of the 10,984 modifications completed during the second quarter of 2020, servicers reported that 2,147, or 19.5 percent, were 60 or more days past due or in the process of foreclosure at the end of the month that the modifications became six months old (see table 4).

Figure 1 shows the outstanding principal balance of reported loans and the declining amount of unpaid balances from the fourth quarter of 2018 through the fourth quarter of 2020.

Figure 1: Total Serviced Mortgage Portfolio—Outstanding Principal in \$ Billions

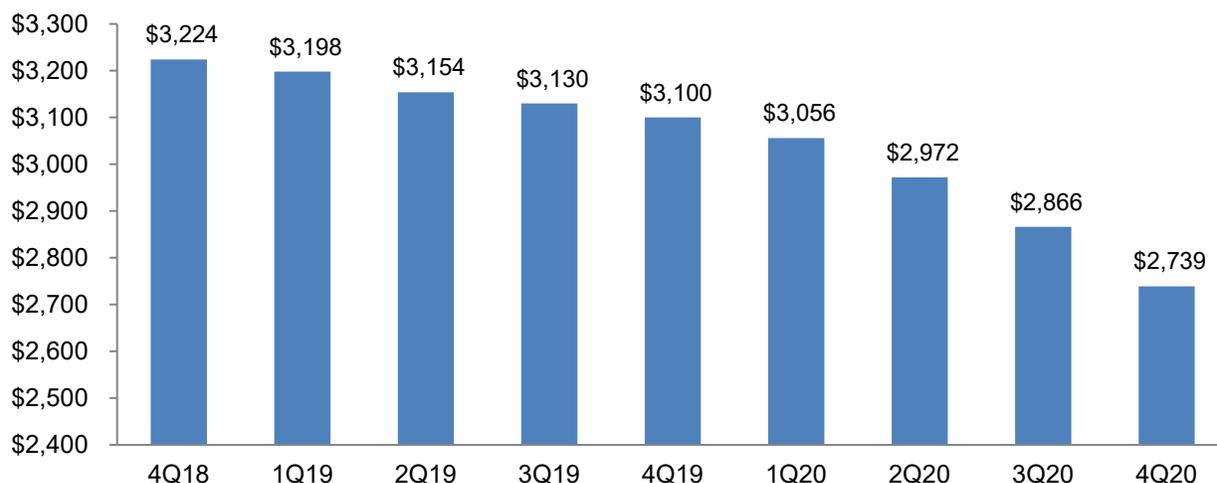


Figure 2 shows the number of first-lien residential mortgages serviced and shows the decline of loans from the fourth quarter of 2018 through the fourth quarter of 2020.

Figure 2: Total Serviced Mortgage Portfolio—Number of Loans in Thousands

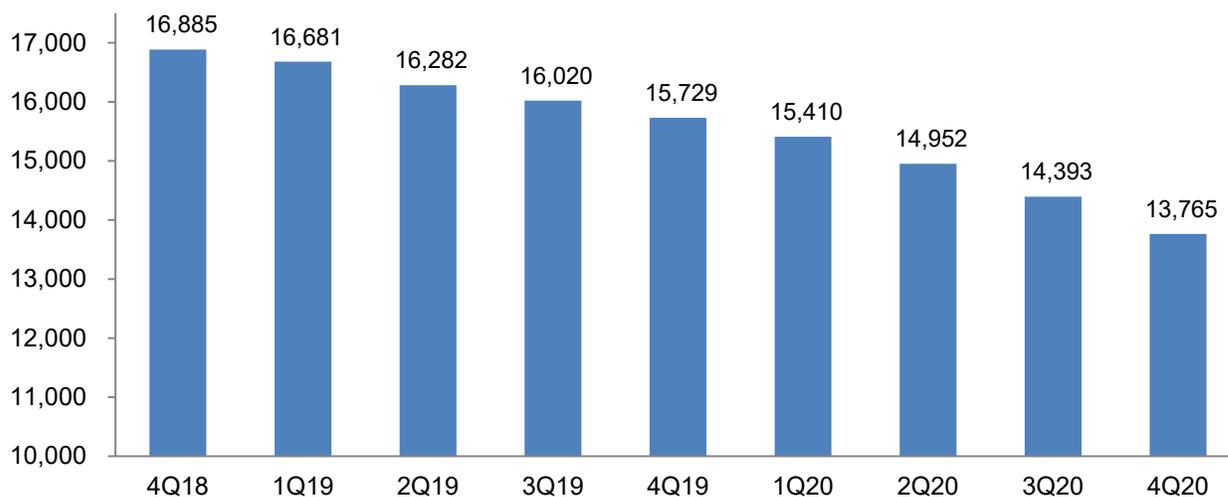


Figure 3 shows the number of loans in each risk category and shows the decline in each risk category from the fourth quarter of 2018 through the fourth quarter of 2020.

Figure 3: Composition—Loans in Thousands by Borrower Risk Category

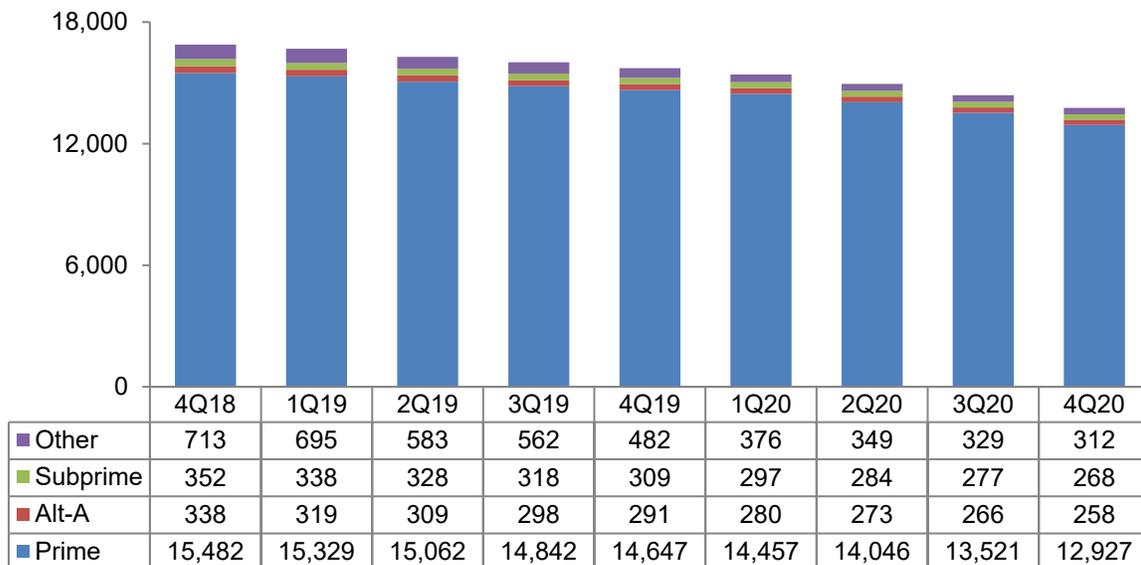


Figure 4 reports the percentage of loans in each risk category and shows that composition of loans has remained relatively stable since the fourth quarter of 2018.

Figure 4: Composition—Percentage of Mortgages by Borrower Risk Category

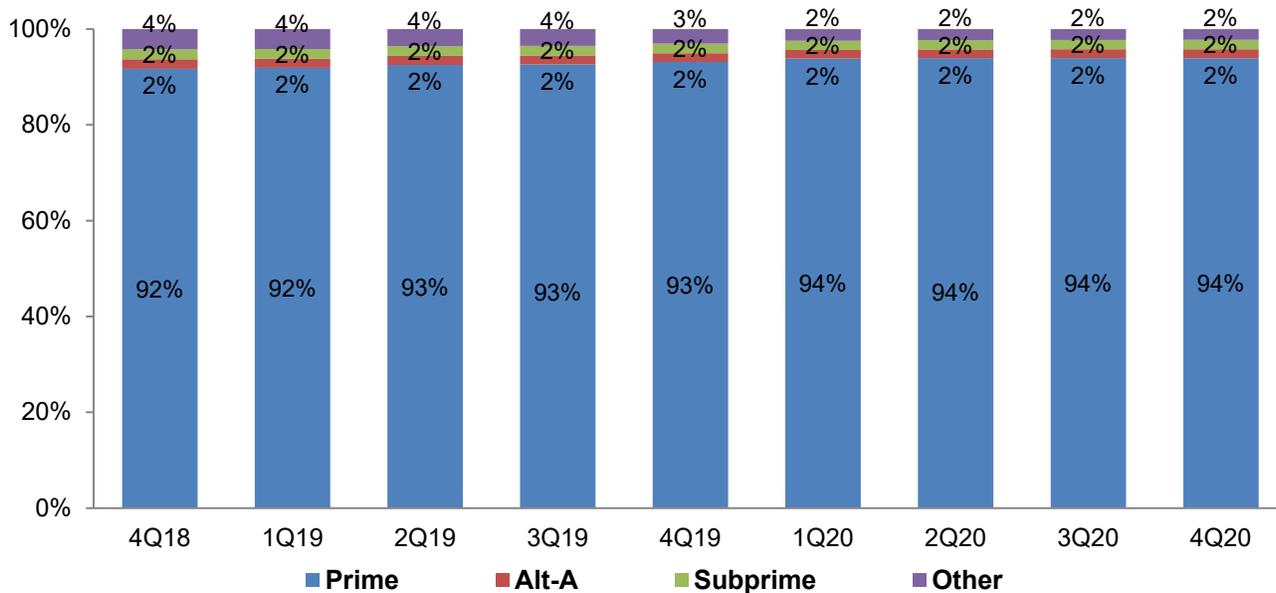


Figure 5 shows the number of loans in each category of delinquency from the fourth quarter of 2018 through the fourth quarter of 2020. The number of foreclosures in process is unchanged from the previous quarter. While the number of seriously delinquent loans sharply increased in the second quarter of 2020, the number declined in the third and fourth quarters of 2020.³

Figure 5: Number of Loans in Delinquency and Foreclosures in Process—Loans in Thousands

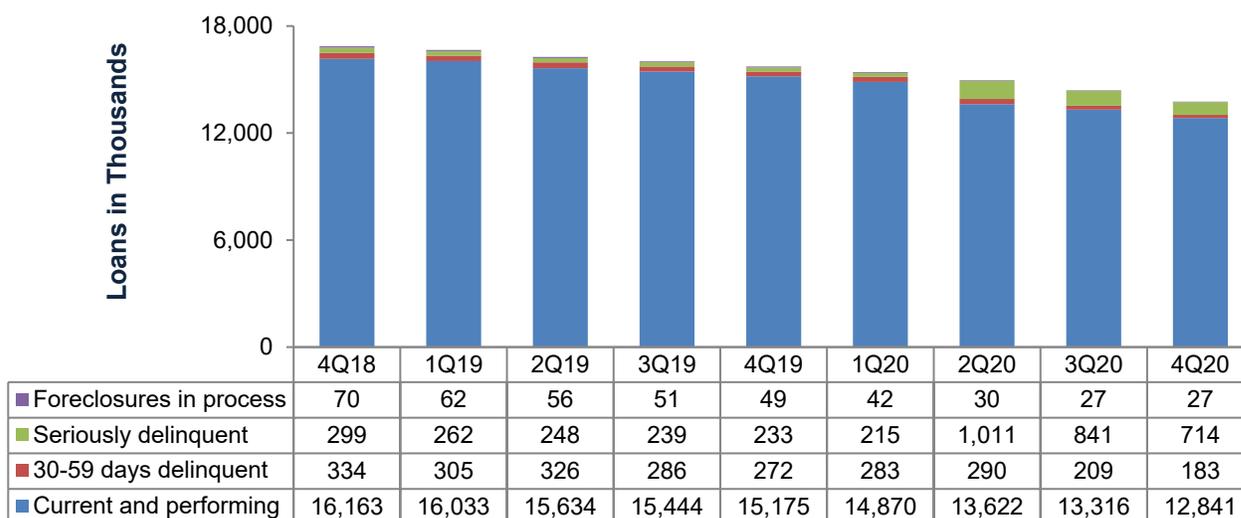
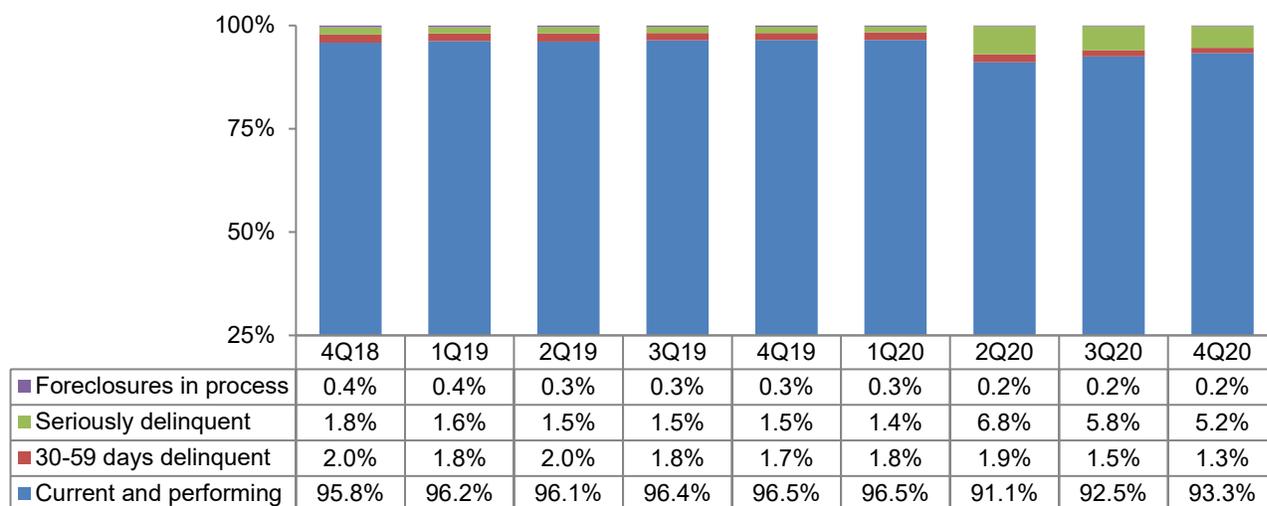


Figure 6 shows the percentage of mortgages in each category of delinquency from the fourth quarter of 2018 through the fourth quarter of 2020. Data show that foreclosures in process remain relatively low as foreclosure moratoriums continue while the number of seriously delinquent loans has increased as a result of the pandemic.

Figure 6: Percentage of Loans Current and Performing and in Delinquency



³ Delinquencies are reported based on the contractual due date and may not match what is being reported in credit bureau data. Delinquencies are also affected by the different relief programs offered by the banks.

Figure 7 shows the number of new foreclosure actions initiated from the fourth quarter of 2018 through the fourth quarter of 2020. New foreclosure actions decreased to 789 in the fourth quarter of 2020 from 22,248 in the fourth quarter of 2019, a decrease of 96.5 percent.⁴

Figure 7: Newly Initiated Foreclosures⁵

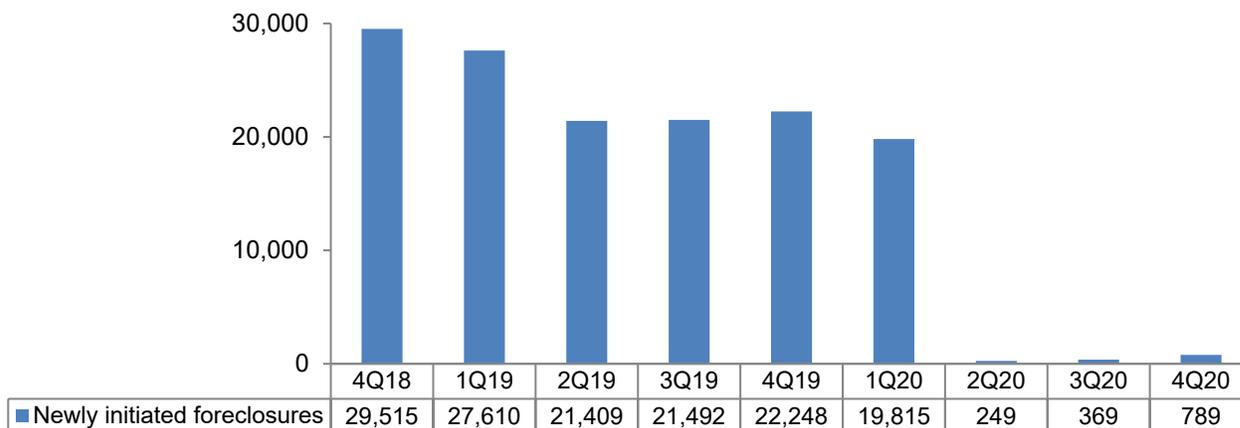
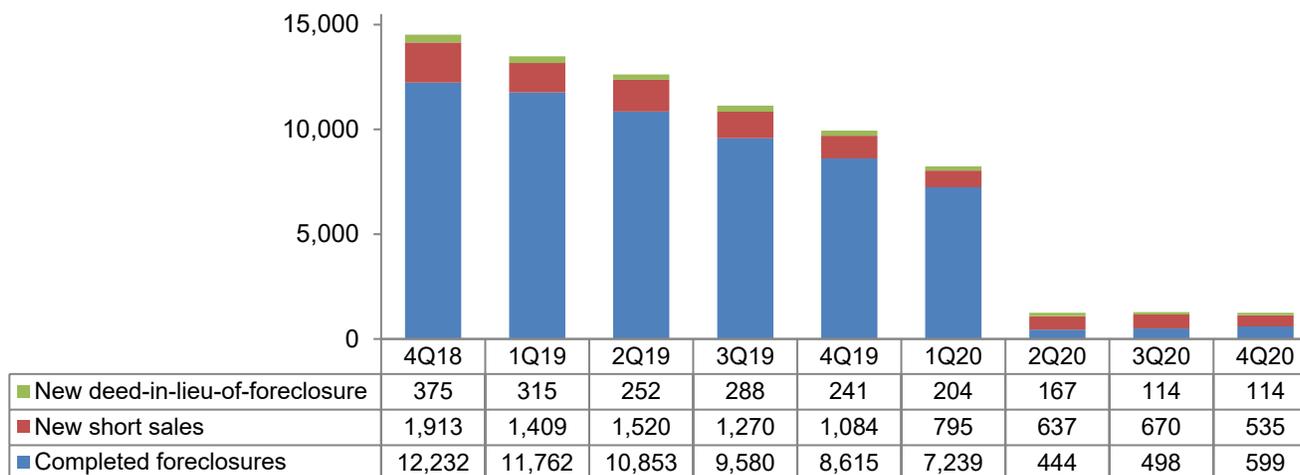


Figure 8 shows the number of foreclosure and other home forfeiture actions completed from the fourth quarter of 2018 through the fourth quarter of 2020. Completed foreclosures and other forfeiture actions decreased to 1,248 in the fourth quarter of 2020 from 9,940 in the fourth quarter of 2019, a decrease of 87.4 percent.⁶

Figure 8: Completed Foreclosures and Other Home Forfeiture Actions⁷



⁴ Events associated with the COVID-19 pandemic, including foreclosure moratoriums, have caused significant decreases in these metrics.

⁵ Corrected for clarity March 30, 2021.

⁶ Events associated with the COVID-19 pandemic, including foreclosure moratoriums, have caused significant decreases in these metrics.

⁷ Corrected for clarity March 30, 2021.

Table 1: Number of Mortgage Modification Actions
Completed in the Fourth Quarter of 2020

States	Capitalization	Rate reduction or freeze	Term extension	Principal reductions	Principal deferral	Combination	Not reported	Total modifications
Total—all states	54	109	6,190	0	180	34,403	94	41,030
Alabama	1	2	103	0	2	369	1	478
Alaska	0	0	28	0	0	92	0	120
Arizona	1	3	95	0	3	1,090	1	1,193
Arkansas	0	1	84	0	2	254	0	341
California	10	17	872	0	19	4,501	33	5,452
Colorado	1	0	60	0	3	621	0	685
Connecticut	3	2	75	0	4	493	1	578
Delaware	0	1	37	0	0	140	2	180
District of Columbia	0	0	25	0	2	92	0	119
Florida	4	7	356	0	9	3,285	3	3,664
Georgia	2	6	331	0	6	1,223	1	1,569
Hawaii	0	1	38	0	1	131	0	171
Idaho	1	0	15	0	2	102	0	120
Illinois	2	7	115	0	9	1,611	4	1,748
Indiana	0	3	107	0	6	420	1	537
Iowa	0	0	26	0	2	172	0	200
Kansas	0	3	55	0	0	205	0	263
Kentucky	0	1	86	0	5	343	1	436
Louisiana	1	0	150	0	2	363	0	516
Maine	0	0	55	0	0	91	1	147
Maryland	2	3	210	0	11	1,111	2	1,339
Massachusetts	1	1	103	0	1	612	1	719
Michigan	0	3	116	0	6	513	1	639
Minnesota	2	1	86	0	2	806	0	897
Mississippi	1	0	62	0	2	163	1	229
Missouri	0	2	109	0	3	639	3	756
Montana	0	0	17	0	0	101	0	118
Nebraska	0	0	29	0	0	223	0	252
Nevada	1	1	80	0	0	671	0	753
New Hampshire	1	1	19	0	0	122	0	143
New Jersey	2	4	198	0	15	1,485	3	1,707
New Mexico	0	0	16	0	2	226	0	244
New York	3	2	263	0	3	1,593	7	1,871
North Carolina	3	2	414	0	10	1,246	3	1,678
North Dakota	0	0	7	0	0	50	0	57
Ohio	1	5	122	0	11	903	2	1,044
Oklahoma	0	0	27	0	0	252	0	279
Oregon	0	3	50	0	1	389	0	443
Pennsylvania	3	0	264	0	8	1,022	4	1,301
Rhode Island	0	1	12	0	1	96	0	110
South Carolina	0	3	180	0	0	537	1	721
South Dakota	1	0	12	0	0	48	0	61
Tennessee	0	0	120	0	0	571	0	691
Texas	3	17	493	0	18	2,683	9	3,223
Utah	0	0	33	0	2	234	0	269
Vermont	0	0	7	0	1	66	0	74
Virginia	2	4	216	0	3	1,220	3	1,448
Washington	1	2	110	0	3	763	4	883
West Virginia	0	0	31	0	0	75	0	106
Wisconsin	1	0	55	0	0	337	1	394
Wyoming	0	0	15	0	0	47	0	62
Other	0	0	1	0	0	1	0	2

**Table 2: Number of Modification Actions in Combination Actions
Completed in the Fourth Quarter of 2020**

States	Capitalization	Rate reduction or freeze	Term extension	Principal reduction	Principal deferral	Total combination modifications
Total—all states	17,695	21,539	11,180	35	23,990	34,403
Alabama	164	261	197	1	177	369
Alaska	11	82	76	0	16	92
Arizona	380	843	284	1	816	1,090
Arkansas	100	199	113	0	145	254
California	2,871	2,161	814	3	3,792	4,501
Colorado	248	432	180	0	453	621
Connecticut	337	223	114	2	401	493
Delaware	88	76	66	1	85	140
District of Columbia	56	55	13	0	76	92
Florida	1,702	2,035	1,026	2	2,411	3,285
Georgia	614	764	579	3	658	1,223
Hawaii	77	68	45	0	88	131
Idaho	39	70	22	0	82	102
Illinois	776	1,172	419	2	1,230	1,611
Indiana	206	317	199	0	233	420
Iowa	43	150	53	0	122	172
Kansas	81	146	86	0	121	205
Kentucky	113	284	104	1	245	343
Louisiana	213	219	165	1	208	363
Maine	56	45	30	0	61	91
Maryland	557	748	428	0	712	1,111
Massachusetts	346	337	110	1	516	612
Michigan	330	288	166	2	354	513
Minnesota	159	728	171	0	636	806
Mississippi	89	97	76	1	88	163
Missouri	252	453	176	0	470	639
Montana	32	85	32	0	69	101
Nebraska	39	205	58	0	165	223
Nevada	223	522	140	0	540	671
New Hampshire	68	67	37	0	86	122
New Jersey	1,123	603	319	8	1,236	1,485
New Mexico	113	143	78	0	149	226
New York	1,212	580	415	4	1,255	1,593
North Carolina	555	824	621	0	647	1,246
North Dakota	11	44	13	0	38	50
Ohio	361	745	330	0	588	903
Oklahoma	129	167	97	0	157	252
Oregon	190	230	89	0	312	389
Pennsylvania	677	563	345	2	689	1,022
Rhode Island	53	54	26	0	72	96
South Carolina	271	335	255	0	290	537
South Dakota	11	41	18	0	31	48
Tennessee	195	436	212	0	365	571
Texas	1,364	1,780	1,299	0	1,419	2,683
Utah	92	170	61	0	179	234
Vermont	34	40	13	0	54	66
Virginia	521	838	637	0	598	1,220
Washington	347	473	230	0	535	763
West Virginia	39	48	32	0	43	75
Wisconsin	107	262	90	0	249	337
Wyoming	19	31	21	0	27	47
Other	1	0	0	0	1	1

Table 3: Changes in Monthly Principal and Interest Payments by State
Modifications Completed in the Fourth Quarter of 2020

States	Decreased by 20% or more	Decreased by 10% to less than 20%	Decreased by less than 10%	Unchanged	Increased	Not reported	Total modifications
Total—all states	2,028	3,044	8,292	27,154	314	198	41,030
Alabama	29	58	173	214	2	2	478
Alaska	2	8	88	21	1	0	120
Arizona	55	95	174	865	2	2	1,193
Arkansas	19	32	101	183	4	2	341
California	207	206	501	4,503	14	21	5,452
Colorado	20	40	144	473	5	3	685
Connecticut	39	25	62	438	8	6	578
Delaware	13	16	53	97	1	0	180
District of Columbia	3	4	10	99	0	3	119
Florida	161	296	587	2,586	26	8	3,664
Georgia	74	184	415	870	20	6	1,569
Hawaii	7	7	55	100	1	1	171
Idaho	5	5	23	86	0	1	120
Illinois	133	114	199	1,269	16	17	1,748
Indiana	40	65	145	273	7	7	537
Iowa	10	11	47	128	2	2	200
Kansas	13	20	83	143	4	0	263
Kentucky	17	28	102	279	5	5	436
Louisiana	30	36	187	251	12	0	516
Maine	9	6	47	85	0	0	147
Maryland	58	93	381	781	14	12	1,339
Massachusetts	28	26	84	576	4	1	719
Michigan	38	64	123	406	2	6	639
Minnesota	33	42	137	678	6	1	897
Mississippi	18	17	75	116	2	1	229
Missouri	33	48	137	532	4	2	756
Montana	3	13	28	74	0	0	118
Nebraska	15	23	42	171	1	0	252
Nevada	23	42	92	593	3	0	753
New Hampshire	8	7	37	91	0	0	143
New Jersey	93	81	184	1,322	12	15	1,707
New Mexico	6	22	55	156	3	2	244
New York	111	96	200	1,427	33	4	1,871
North Carolina	64	165	560	864	19	6	1,678
North Dakota	0	2	16	38	1	0	57
Ohio	73	104	209	631	12	15	1,044
Oklahoma	22	24	56	172	5	0	279
Oregon	20	18	72	331	1	1	443
Pennsylvania	81	103	273	815	15	14	1,301
Rhode Island	8	6	18	77	0	1	110
South Carolina	20	88	243	363	6	1	721
South Dakota	1	5	23	32	0	0	61
Tennessee	32	62	173	424	0	0	691
Texas	222	402	914	1,638	27	20	3,223
Utah	8	16	48	193	1	3	269
Vermont	4	3	9	58	0	0	74
Virginia	60	127	569	679	9	4	1,448
Washington	28	58	186	605	3	3	883
West Virginia	6	10	37	53	0	0	106
Wisconsin	23	14	92	264	1	0	394
Wyoming	3	7	23	29	0	0	62
Other	0	0	0	2	0	0	2

Table 4: Number of Re-Defaults for Loans Modified Six Months Previously
 Modified Loans 60 or More Days Delinquent Six Months After Modification

States	Decreased by 20% or more	Decreased by 10% to less than 20%	Decreased by less than 10%	Unchanged	Increased	Not reported	Total re-defaults
Total—all states	732	510	550	40	310	5	2,147
Alabama	11	8	10	1	2	0	32
Alaska	0	0	0	0	0	0	0
Arizona	29	21	15	1	1	0	67
Arkansas	3	7	11	0	8	0	29
California	44	26	27	3	10	1	111
Colorado	6	5	6	1	1	0	19
Connecticut	14	4	10	1	5	0	34
Delaware	5	7	4	2	1	0	19
District of Columbia	1	2	1	0	1	0	5
Florida	65	37	33	6	25	0	166
Georgia	23	25	30	1	12	0	91
Hawaii	1	0	1	0	0	0	2
Idaho	3	3	1	0	1	0	8
Illinois	51	34	36	1	22	0	144
Indiana	15	17	20	1	14	1	68
Iowa	6	7	4	0	7	0	24
Kansas	6	6	7	0	4	0	23
Kentucky	4	7	6	1	2	0	20
Louisiana	12	12	10	0	7	0	41
Maine	3	1	0	0	0	0	4
Maryland	28	14	19	1	14	0	76
Massachusetts	5	2	5	0	3	1	16
Michigan	12	4	4	0	2	0	22
Minnesota	21	11	11	2	6	0	51
Mississippi	7	5	4	0	4	0	20
Missouri	9	8	15	2	11	0	45
Montana	0	3	0	0	0	0	3
Nebraska	4	2	4	0	3	0	13
Nevada	14	6	5	0	0	0	25
New Hampshire	1	2	2	0	2	0	7
New Jersey	24	11	18	3	13	0	69
New Mexico	7	3	7	0	1	0	18
New York	33	25	24	1	17	2	102
North Carolina	15	18	17	1	11	0	62
North Dakota	2	1	0	0	0	0	3
Ohio	32	21	41	0	20	0	114
Oklahoma	8	12	11	0	8	0	39
Oregon	6	6	0	0	1	0	13
Pennsylvania	37	22	21	1	9	0	90
Rhode Island	2	2	2	0	0	0	6
South Carolina	13	11	5	0	9	0	38
South Dakota	2	0	1	0	0	0	3
Tennessee	12	10	14	2	2	0	40
Texas	99	47	62	2	43	0	253
Utah	4	2	2	1	1	0	10
Vermont	0	1	1	0	0	0	2
Virginia	15	22	13	3	3	0	56
Washington	4	2	3	1	0	0	10
West Virginia	2	1	1	0	1	0	5
Wisconsin	8	7	4	1	3	0	23
Wyoming	3	0	2	0	0	0	5
Other	1	0	0	0	0	0	1

Appendix A: Definitions and Method

The *OCC Mortgage Metrics Report* relies on reporting elements and conventions standard in the residential mortgage industry.

Alt-A: Mortgages to prime quality borrowers that do not satisfy the criteria for conforming or jumbo loan programs. For example, these loans may lack high loan-to-value mortgage insurance, have minimal documentation, or be secured by collateral other than the borrower's primary residence. Alt-A mortgages are based on the borrower's credit conditions at origination.

Capitalization: Actions that increase the unpaid principal balance of the loan by the amount of any delinquent payments and fees.

Combination modifications: Modifications that include more than one type of modification action. Most modifications generally require changes to more than one term of a loan to bring a loan current and reduce monthly payments to an amount that is affordable and sustainable.

Foreclosures in process: Mortgages for which servicers have begun formal foreclosure proceedings but have not yet completed the foreclosure process. The foreclosure process varies by state. Many foreclosures in process never result in the loss of borrowers' homes because servicers simultaneously pursue other loss mitigation actions, and borrowers may return their mortgages to current and performing status.

Interest rate reductions and freezes: Actions that reduce or freeze the contractual interest rate of the loan that was in effect prior to the modification action.

Loan modifications: Actions that contractually change the terms of mortgages with respect to interest rates, maturity, principal, or other terms of the loan.

Other: Mortgages in the portfolio that could not be classified by the bank as Prime, Alt-A, or Subprime. Other mortgages are based on the borrower's credit conditions at origination.

Prime: Mortgages to borrowers underwritten as part of a conforming or jumbo loan program. Typically, these borrowers are eligible for standard loan programs and pricing. For example, borrowers typically have mortgage insurance when the loan-to-value exceeds 80 percent of the collateral property value. Prime mortgages are based on the borrower's credit conditions at origination.

Principal deferral modifications: Modifications that remove a portion of the unpaid principal from the amount used to calculate monthly principal and interest payments for a set period. The deferred amount becomes due at the end of the loan term.

Principal reduction modifications: Modifications that permanently reduce the unpaid principal owed on a mortgage.

Re-default: For purposes of this report, a loan is defined as in re-default if it was 60 or more days past due as of the end of the month at which the modification was six months old. For example, a loan that was modified as of November 1, 2019, would be defined as in re-default if it was 60 or more days past due or 30 or more days past due and in the process of foreclosure as of its May 31, 2020, reporting date.

Seriously delinquent loans: Mortgages that are 60 or more days past due and all mortgages held by bankrupt borrowers whose payments are 30 or more days past due.

Subprime: Mortgages to borrowers that display a range of credit risk characteristics that may include a weak credit history, reduced repayment capacity, or incomplete credit history. A weak credit history may include prior delinquencies, judgments, bankruptcies, or foreclosures on the credit report at the time of underwriting. Subprime mortgages are based on the borrower's credit conditions at origination.

Term extensions: Actions that delay the final maturity date of the loan that was in effect prior to the modification action.

OCC Mortgage Metrics Report Method

Loan delinquencies are reported using the Mortgage Bankers Association convention that a loan is past due when a scheduled payment has not been made by the due date of the following scheduled payment. The statistics are based on the number of loans, unless stated otherwise.

Percentages are rounded to one decimal place unless the result is less than 0.1 percent, which is rounded to two decimal places. The report uses whole numbers when approximating. Values in tables may not total 100 percent because of rounding.

Results are not seasonally adjusted.